GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4308
ANSWERED ON:19.04.2002
LOAN TO GOVERNMENT OWNED COMPANIES
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) the policy of the Government for advancing loans to Government owned companies;

(b) whether loans worth Rs.1123.33 crore have been advanced without finalising terms and conditions of the loans as had been brought out by the CAG in its Report No. 1 of 2000 (Civil) in para 8.11;

(c) whether it is a usual practice of the Government to advance loans without finalising terms and conditions thereof;

(d) if so, the details of all such Government companies to whom loans were advanced and are yet to be recovered;

(e) the purpose for which the loans were advanced and were the loans used for those purposes only; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f): The terms and conditions under which Government loans are advanced to the Government owned companies are guided by General Financial Rules and orders issued thereunder from time to time. Of the four institutions mentioned in para 8.11 of C&AG`s Report No.1 of 2000 (Civil), in case of Delhi MetroRail Corporation, although the terms and conditions of the Loan had been settled, the administrative Ministry had inadvertently classified it as a loan sanctioned without finalising the terms and conditions. Loan advanced to Food Corporation of India was converted into equity subsequently. Matters relating to finalisation of terms and conditions of loans advanced to the remaining two Institutions mentioned in C&AG`s report is being pursued by the Controller General of Accounts with concerned Ministries.